

**SURREBUTTAL TESTIMONY OF JIM GREVATT
ON BEHALF OF THE SOUTH CAROLINA COASTAL CONSERVATION
LEAGUE AND SOUTHERN ALLIANCE FOR CLEAN ENERGY
DOCKET NO. 2021-361-G**

1 **Q: PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.**

2 A: My name is Jim Grevatt. I am a Managing Consultant at Energy Futures Group,
3 located at 10298 Route 116, Hinesburg, VT 05461.

4 **Q: ARE YOU THE SAME JIM GREVATT WHO PROVIDED DIRECT**
5 **TESTIMONY IN THIS PROCEEDING?**

6 A: Yes.

7 **Q: WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

8 A: I respond to certain new points raised in the Rebuttal Testimony of Dominion
9 Energy South Carolina (“DESC” or the “Company”) witnesses James Herndon,
10 Jaton R. Smith, and Sheryl K. Shelton. The lack of a response to any of the specific
11 assertions made in the Company’s rebuttal testimony or other intervenors’ direct
12 testimony does not indicate agreement with those assertions.

13 **Response to Witness James Herndon**

14 **Q: DOES WITNESS HERNDON’S REBUTTAL TESTIMONY CHANGE**
15 **YOUR PREVIOUS RECOMMENDATIONS REGARDING THE**
16 **COMPANY’S PROPOSED RESIDENTIAL AND COMMERCIAL GAS**
17 **EQUIPMENT PROGRAMS?**

1 A: No. Witness Herndon's explanation of the basis for the Company's savings
2 estimates does not resolve my overarching concern that the Company used gross
3 rather than net savings when conducting the cost-effectiveness tests for the
4 proposed equipment programs.

5 **Q: HOW DOES WITNESS HERNDON EXPLAIN THE USE OF GROSS**
6 **SAVINGS IN THE COMPANY'S ANALYSIS?**

7 A: Witness Herndon states that he does not agree with my observation that the
8 Commission should be concerned that the Company's cost-effectiveness tests were
9 not conducted using net savings,¹ and explains for the first time in rebuttal that "the
10 net savings were initially considered to be roughly equivalent to the gross
11 savings...because the Residential Gas Equipment Program and Commercial Gas
12 Equipment Program are new programs."² In this statement Witness Herndon seems
13 to imply that he agrees net savings should be used to determine cost-effectiveness,
14 and further acknowledges this by conducting "a sensitivity...assuming a net-to-
15 gross of 0.8"³ due to the concerns I raised in my direct testimony. However,
16 Witness Herndon does not provide a basis for the 0.8 net-to-gross value used in the
17 sensitivity, nor does he provide the analysis to show whether the 0.8 net-to-gross
18 was applied at the program level or only for certain measures. Lastly, he does not
19 provide the specific results, saying that "the programs continue to pass the TRC
20 and UCT tests in this sensitivity analysis."⁴

21

¹ Rebuttal Testimony of James Herndon, p. 7, lines 1-5.

² *Id.*, p. 7, lines 9-11.

³ *Id.*, p. 7, lines 15-16.

⁴ *Id.*, p. 7, lines 17-19.

1 **Q: WHY DOES WITNESS HERNDON’S EXPLANATION NOT SATISFY**
2 **YOUR CONCERNS?**

3 A: First, using gross savings rather than an informed estimate of net savings is contrary
4 to well-established industry practice. The *California Standard Practice Manual:*
5 *Economic Analysis of Demand-side Programs and Projects* states that for the Total
6 Resource Cost Test, “avoided supply costs should be calculated using net program
7 savings, savings net of changes in energy use that would have happened in the
8 absence of the program.”⁵ The fact that the programs are new for DESC customers
9 does not in any way address the question of whether those customers are *already*
10 choosing high efficiency equipment (the level of “free ridership”).

11 While Witness Herndon is correct that net savings will be confirmed later,
12 through the Evaluation, Measurement, and Verification (“EM&V”) process, that
13 does not substitute for the need to use an *informed estimate* of free ridership, and
14 thus net savings on the front end.

15 The market share study I recommend in my direct testimony would provide
16 the data necessary to inform this estimate. While market study data is not a
17 substitute for EM&V that confirms net savings after the fact, it is necessary to
18 inform an estimate of free ridership to ensure there is a basis for the claim that a
19 new program will be cost effective.

20 **Q: WHAT IS THE RISK OF GOING AHEAD WITH THE PROGRAM AND**
21 **THEN ASSESSING NET SAVINGS IN THE PROGRAM EVALUATION?**

⁵ State of California Governor’s Office of Planning and Research: California Standard Practice Manual: Economic Analysis of Demand-side Programs and Projects, July, 2002. p.18.
http://www.calmac.org/events/SPM_9_20_02.pdf.

1 A: The risk of using gross savings as opposed to an informed estimate of net savings
2 is that the evaluation could find that net savings are much lower than gross savings.
3 If this turned out to be the case, the Company could be found to have been
4 imprudently using ratepayer funds to provide rebates that were not needed. For this
5 reason, the Commission should require the Company to base its preliminary cost
6 effectiveness projections on estimated net savings, and to have some basis for the
7 net to gross assumptions it uses.

8 **Response to Witness Jatón R. Smith**

9 **Q: DO YOU HAVE A RESPONSE TO WITNESS SMITH'S REBUTTAL**
10 **TESTIMONY?**

11 A: Yes, I would like to attempt to make a clarification regarding the use of the term
12 "net lost revenues." In rebuttal, Witness Smith states that she agrees with my
13 testimony that "net lost revenues will exist for the life of the implemented Gas DSM
14 measures."⁶ However, this is a slight mischaracterization of my direct testimony,
15 which stated that "gas savings resulting from the programs will exist for the life of
16 the measure."⁷ I think that Witness Smith and I agree that energy efficiency
17 program savings will reduce the estimated therm sales used by the Company to
18 determine its fixed cost recovery in the RSA proceedings, and that those savings
19 will persist for the useful service life of the energy efficiency measures. However,
20 it seems we may be using the term "net lost revenues" in slightly different ways.

21 **Q: IN WHAT WAY DO YOU THINK YOUR USE OF THE TERM "NET LOST**
22 **REVENUES" DIFFERS FROM WITNESS SMITH'S USE?**

⁶ Rebuttal Testimony of Jatón R. Smith, p. 3, lines 20-21.

⁷ Direct Testimony of Jim Grevatt, p. 21 lines 5-6.

1 A: I use the term to specifically refer to unrecovered costs that result from lower therm
2 sales due to energy efficiency programs. Because the therm savings persist, the
3 estimated therm savings, or billing determinants used by the Company, will be
4 adjusted to reflect those savings in the RSA proceeding, which I support. For
5 simplicity, if we assume the Company's approved revenue requirement stays the
6 same, this will result in a slightly greater per therm rate. Going forward the
7 Company would fully recover its revenue requirement and there would not be
8 ongoing unrecovered costs, therefore in my understanding net lost revenues would
9 not persist. I believe that Witness Smith and I fundamentally agree on these points,
10 and I acknowledge that the issue of regulatory lag will have an effect that I have
11 not addressed in this simplified reference.

12 **Q: WHAT IS THE KEY TAKEAWAY FOR THE COMMISSION FROM THIS**
13 **DISCUSSION OF NET LOST REVENUES?**

14 A: The goal of the annual RSA proceedings with respect to net lost revenues should
15 be to update the per therm charge so that it closely reflects what projected sales will
16 be after accounting for energy savings due to the Company's programs, along with
17 all of the other factors that go into determining the rates approved by the
18 Commission. This will minimize the accumulation of unrecovered costs that
19 customers might at some point be expected to pay.

20 **Response to Witness Sheryl Shelton**

21 **Q: WHAT DO YOU WISH TO RESPOND TO REGARDING WITNESS**
22 **SHELTON'S REBUTTAL TESTIMONY?**

1 A: First, Witness Shelton's statement that "witness Grevatt would prefer that the
2 Company's natural gas customers have only limited access to energy efficiency
3 measures" mischaracterizes my direct testimony and is untrue. I support the
4 Company's efforts to offer EE/DSM programs to gas customers and recommend
5 that the Company, in order to maximize the benefits of these programs, *expand* the
6 availability of comprehensive, durable energy efficiency measures such as
7 insulation and air sealing, and assess the potential benefits of offering incentives on
8 a dual fuel, gas and electric basis to expand the measures it offers to customers.

9 **Q: DO YOU AGREE WITH WITNESS SHELTON THAT YOUR**
10 **RECOMMENDATIONS FOR THE NEEP PROGRAM WOULD "DELAY**
11 **PROGRAM IMPLEMENTATION AND ADD UNNECESSARY**
12 **COMPLEXITY"?⁸**

13 A: No. My fundamental recommendation remains to "approve the NEEP program as
14 filed" which should cause no delay in its implementation.⁹ I further recommend
15 the Commission "direct the Company to conduct further analysis of opportunities
16 to cost-effectively implement comprehensive measures in NEEP on a dual-fuel gas
17 and electric basis"¹⁰ which is an appropriate action for the Company to pursue in
18 order to provide more measures and greater savings to its customers.

19 **Q: DO YOU AGREE WITH WITNESS SHELTON'S CHARACTERIZATION**
20 **OF THE CHALLENGES OF ADDING INSULATION AND AIR SEALING**
21 **TO HOMES OCCUPIED BY LOW-INCOME HOUSEHOLDS?**

⁸ Rebuttal Testimony of Sheryl K. Shelton, p. 3, line 18.

⁹ Direct Testimony of Jim Grevatt, p. 12 line 1.

¹⁰ Direct Testimony of Jim Grevatt, p. 12 lines 2-3.

1 A: I agree that there can be considerable challenges in providing comprehensive
2 energy efficiency programs to low-income households and remind Witness Shelton
3 and the Commission that I have personally conducted hundreds of energy audits for
4 low-income households through the Weatherization Assistance Program. I also
5 managed and directed low-income energy efficiency programs for both Vermont
6 Gas and Efficiency Vermont for years. I have conducted CAZ testing in hundreds
7 of homes and fully appreciate the challenges that Witness Shelton refers to.
8 However, my experience convinces me that it is critical to address those challenges
9 head on in order to provide potentially life-changing benefits for historically
10 underserved households. The fact that low-income households, by necessity, live
11 in substandard housing is not a reason to automatically deny them the potential
12 benefits of dual fuel measures. The Company should use the administrative
13 framework already in place for NEEP and expand it to include comprehensive
14 measures to save gas and electricity where it is possible to do so, thus providing the
15 greatest amount of savings for its struggling customers.

16 **Q: IS WITNESS SHELTON CORRECT IN HER SUGGESTION THAT YOU**
17 **RECOMMEND THE COMPANY COMPLETE A MARKET ANALYSIS**
18 **FOR THE NEEP PROGRAM?**

19 A: No, I made no such recommendation. I urged the Commission to “direct DESC to
20 conduct a full analysis of the opportunities to provide robust, comprehensive home
21 retrofit offerings in the context of NEEP and other programs, with a special
22 emphasis on programs and long-lived measures that save significant amounts of

1 gas and electricity for households.”¹¹ My intent with this recommendation was
2 only to emphasize that, as the Company expands into gas EE programs, it should
3 evaluate opportunities to generate additional gas and electric savings with
4 comprehensive and dual fuel measures.

5 **Q: DOES WITNESS SHELTON ACCURATELY CHARACTERIZE YOUR**
6 **POSITION ON THE PROPOSED EQUIPMENT REBATE PROGRAMS?**

7 **A:** No. Witness Shelton states that I “outright reject[] both of the Company’s proposed
8 High Efficiency Gas Equipment programs”¹² which misrepresents my
9 recommendation that the Commission reject the programs *without prejudice*
10 pending appropriate analysis that would support a finding that the programs would
11 be in the customers’ best interest. As noted in response to Witness Herndon, the
12 Company’s failure to gather market data and use estimated net savings to assess the
13 viability of cost-effectively offering furnace rebates does not provide the
14 Commission with the information it needs to determine whether the programs are
15 in customers’ best interests.

16 **Q: IS WITNESS SHELTON CORRECT THAT THE ANALYSIS YOU**
17 **RECOMMEND, COMPARING THE LIFE CYCLE COSTS AND**
18 **BENEFITS OF GAS VS. ELECTRIC EQUIPMENT, “WOULD NOT**
19 **DIRECTLY BENEFIT CUSTOMERS”?**

20 **A:** No. The study I recommend would indeed benefit customers by indicating whether
21 it would be in their long-term interest to invest in gas or electric heating and cooling
22 equipment. Witness Shelton suggests that it is inappropriate to replace inefficient

¹¹ Direct Testimony of Jim Grevatt, p. 11, lines 14-18.

¹² Rebuttal Testimony of Sheryl K. Shelton, p. 2, lines 16-17.

1 gas equipment with anything other than efficient gas equipment¹³; this premise is
2 clearly incorrect if electric alternatives would provide customers with greater cost
3 savings.

4 **Q: DOES THIS CONCLUDE YOUR TESTIMONY?**

5 A: Yes.

¹³ *Id.*, p. 7, line 20 – p. 8, line 2.

CERTIFICATE OF SERVICE

I hereby certify that the parties listed below have been served via first class U.S. Mail or electronic mail with a copy of the *Surrebuttal Testimony of Jim Grevatt* on behalf of the South Carolina Coastal Conservation League and the Southern Alliance for Clean Energy.

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This 18th day of April 2022.
/s/ Kate Lee Mixson